

Copy No. 13

GEOGRAPHIC AREA, ORR, CONTRIBUTION TO NCE 55-59

THE OUTLOOK FOR NEPAL, BHUTAN, AND SIKKIM

CIA/RR G/I-59-46

(ORR Project 61.1799)

30 September 1959

WARNING

THIS MATERIAL CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF THE ESPIONAGE LAW, TITLE 18, USC, SECS. 793 AND 794, THE TRANSMISSION OR REVELATION OF WHICH IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW.

CENTRAL INTELLIGENCE AGENCY

Office of Research and Reports

~~C-O-N-F-I-D-E-N-T-I-A-L~~

CONTENTS

	<u>Page</u>
I. INTERNAL SITUATION AND PROSPECTS	1
A. Background	1
D. The Economy	3
II. INTERNATIONAL POSITION AND OUTLOOK	4
III. BHUTAN AND SIKKIM	5
Sikkim	5
Bhutan	6

~~C-O-N-F-I-D-E-N-T-I-A-L~~

CIA/RR G/I-59-46
30 September 1959

THE OUTLOOK FOR NEPAL, BHUTAN, AND SIKKIM

I. INTERNAL SITUATION AND PROSPECTS

A. Background

The basic economic and social pattern of Nepal coincides markedly with its three distinct terrain regions -- the Terai or plains country in the south along the Indian border, the hills and mountains of the outer Himalayas stretching across central Nepal, and the high Himalayan peaks and ranges that extend northward to the Tibetan border.

The Terai is a narrow (up to 20 miles), discontinuous strip of plains that is physically, economically, and ethnically more closely tied to India than to Nepal. Although the Terai comprises but one-sixth of the area of Nepal (54,000 square miles), it includes nearly one-third of the total population, estimated at 9 million. Except for a slight Mongoloid racial admixture, the people of the Terai are identical with the Indo-Aryan population of the adjacent Gangetic plains of India. Agriculture is well developed in the Terai, with rice, other small grains, and jute providing surpluses for export. The only important Nepalese industrial establishments, chiefly jute, cotton, and sugar mills, are located in the Biratnagar area in the southeastern Terai.

North of the Terai and extending to the peaks and ranges of the high Himalayas along the Tibetan border are the hills and mountains of the outer

C-O-N-F-I-D-E-N-T-I-A-L

Himalayas and their associated valleys and intermontane basins. The focus of this central region, and of all Nepal, is the small (225 square miles) valley of Katmandu -- an intensively cultivated basin containing nearly 1/2 million people and the 3 largest Nepalese cities -- Katmandu, Pokhara, and Patan. The 5 million people inhabiting the central region are ethnically and culturally diverse, with admixtures of Mongoloid elements from Central Asia and Indo-Aryan elements from the south. Various forms of Hinduism and Buddhism are practiced, but Hinduism predominates. Subsistence agriculture is the main means of livelihood, the chief crops being rice, corn, barley, and fruit. In isolated valleys, droughts or other natural calamities occasionally result in local famine conditions. Despite food surpluses in other parts of the country, these conditions often cannot be alleviated quickly because of the extremely primitive methods of transport. Although the central region is the most "Nepalese" portion of the country, a lack of national consciousness persists even here because groups of various ethnic stocks are isolated from each other by rugged terrain and poor communications. Loyalties to the family, clan, and village are strong; and the traditional lack of government services outside the Katmandu Valley has tended to perpetuate local self-sufficiency and attitudes of separatism.

Northern Nepal comprises the high Himalayan mountains and valleys bordering on Tibet. The region is sparsely inhabited by Tibetan-related groups; and the villages maintain close economic, religious, and often family ties with communities in adjacent areas of Tibet. A limited amount of local barter trade between northern Nepal and Tibet still persists, and

rice and other foodgrains from central Nepal are exchanged for Tibetan salt and wool.

D. The Economy

Nepal has a subsistence-agriculture economy in which an estimated 95 percent of the population makes at least part of its living from the land. About 15 percent of the total land area is now under cultivation, roughly two-thirds of this being in the Terai. It is estimated that agricultural production could be substantially increased, primarily through improved techniques, irrigation, use of fertilizers, and the opening of new areas to cultivation. Other natural resources of Nepal are inadequately known and largely undeveloped. Favored by suitable terrain and generally heavy precipitation, Nepal has a vast potential for both waterpower and irrigation. Several small irrigation projects have recently been completed. In addition, great hopes are held for the giant multipurpose Rapti Valley project designed to develop the land and water resources of this area and to serve as a pilot project for similar undertakings in the future. Timber is also a major natural resource of Nepal. About 50 percent of the country is forested, but not all of the forests are currently accessible. Although the export of timber and timber products is an important source of revenue, much greater exploitation is feasible and well within Nepalese economic and technological capabilities. Nepal's mineral resources have never been surveyed, and their extent is unknown. Recent reports, however, suggest that they may be more extensive than was originally estimated and that deposits of cobalt, mica, and copper may be of economic significance. Again, lack of transportation facilities inhibits present large scale development.

The most serious handicap to the economic development of Nepal is the completely inadequate transportation system. The entire country has only 50-odd miles of railroads and less than 500 miles of motorable roads -- mostly in the Terai and the Katmandu Valley. Not until 1955 was Katmandu linked by motorable road to the Terai and the Indian transport network. The most pressing current need is to connect the eastern and western sections of Nepal with Katmandu. Road projects to provide a minimal network have been programmed, but lack of equipment and ruggedness of the terrain pose great obstacles.

II. INTERNATIONAL POSITION AND OUTLOOK

The 550-mile frontier between Tibet and Nepal has never been demarcated. Chinese- and Indian-produced maps of Nepal agree fairly closely as to the boundary delineation, except that Chinese maps normally show the boundary slightly farther south so as to include Mt. Everest within Tibet; in several other places, very minor parts of presumably Nepalese territory could be interpreted from Chinese maps as belonging to China. In general, the boundary follows the crest of the Range, where Himalaya passes are above 15,000 feet. In some areas, however, streams have cut back (north) through the Great Himalayan Range; in such places the border may run east-west across deep river gorges rather than through passes. Access to Tibet from the Nepal side is almost everywhere very difficult and, near the border, even pack-animal travel may not be possible. By contrast, access from Tibet to the Nepal boundary is easier, usually involving only relatively short climbs from the open plateau lands to the frontier passes. A road following

the ancient trade route from Katmandu northeast through the Nepalese border post of Kodari to Zhikatsé in Tibet is currently under construction for motor vehicles from both Tibetan and Nepalese sides.

III. BHUTAN AND SIKKIM

Sikkim and Bhutan are physically similar to the northern two-thirds of Nepal, with deep north-south-aligned valleys and high mountains that gradually increase in height from south to north; neither political unit has a belt of agriculturally productive plains corresponding to the Nepalese Terai. Both principalities are bound by treaty with India, which has responsibility for the conduct of their external relations. In Sikkim, however, defense, communications, and transport are all under Indian control, whereas Bhutan has autonomy in its internal affairs and thus retains a quasi-independent status.

Sikkim

Sikkim, with a population estimated at 137,000, includes 3 major population groups. The Lepchas, who include the royal family, form the ruling class although they comprise only 25 percent of the population. They are a Mongolian-related people having many cultural and religious affinities with the Tibetans. The more numerous Nepalese, estimated at 60 percent of the total population, live chiefly in the more densely populated lower valleys of Sikkim. The remaining 15 percent are mostly Tibetans who inhabit the high valleys and rolling uplands of northern Sikkim. The majority of the people are engaged in agriculture or animal husbandry. Rice, though an important crop, is not grown in

sufficient quantities to supply the local needs. Fruit and cardamom (a condiment much favored in the Far East) are exported to India.

The strategic importance of Sikkim lies in its location astride the main Indian-Tibetan trade route that leads from the Indian railroad at Siliguri, up the Tista River Valley to Gangtok, and then over the Natu La (pass) into Tibet. In late 1958, the Indians completed a jeepable track to the summit of the pass; a mere 10-mile stretch remains on the Tibet side to make the entire road from India to Lhasa motorable. Current plans call for (1) the creation of a greatly expanded transportation network within Sikkim that will link other parts of the country with the capital at Gangtok, (2) improvement in agricultural techniques, and (3) the exploitation of potentially valuable stands of forest and deposits of copper and coal.

The boundary between Tibet and Sikkim was defined in the Anglo-Chinese Convention of 1890 and was demarcated on the ground in 1895. Chou En-lai, however, in his reply to Nehru on 8 September 1959, stated, "Like the boundary between China and Bhutan, this question [the Tibet-Sikkim border] does not fall within the scope of our present discussion." The wording of this statement may imply that the Chinese Communists have some reservations about the demarcation of Sikkim's border with Tibet.

Bhutan

Bhutan is much more isolated from India than is Sikkim, and its people have close ties with Tibet. Of the total population, estimated at about 650,000, the majority are Bhutanese -- a group closely related to Tibetans by origin, language, and religion -- and the ruling families of

C-O-N-F-I-D-E-N-T-I-A-L

the two countries are interrelated. Most of the Bhutanese inhabit the somewhat more open valleys of central Bhutan. In recent years, however, Nepalese immigrants have moved into the lower hill country, where they may now number 100,000 or possibly more. Bhutan is normally self-sufficient in foodstuffs (mostly grains), and any surpluses are generally exported to Tibet rather than Sikkim or India. The customary route from India to Bhutan is actually via Sikkim across the Chumbi Valley -- a salient of Tibet lying south of the Great Himalayan Range -- and thence into central Bhutan. Recent Indian protests against reported Chinese interference with and ill-treatment of Bhutan couriers point up the vulnerability and tenuous character of Bhutanese ground links with India. Although India plans to construct direct motorable roads to southern Bhutan, they will extend barely beyond the Bhutan border and there connect with the existing and very difficult trails that lead northward to central Bhutan.

The Bhutan border with Tibet has not been demarcated; although both Indian and Chinese maps agree on the delineation of the western and north-western sections, sizeable areas of Bhutan along its northeastern and eastern borders are shown on maps published by Peking as belonging to Tibet. Border incursions by the Chinese have been rumored, but definite information on them is lacking.

C-O-N-F-I-D-E-N-T-I-A-L

~~C-O-N-F-I-D-E-N-T-I-A-L~~

Approved For Release : CIA-RDP62-00680R000200190017-9

Approved For Release : CIA-RDP62-00680R000200190017-9

~~C-O-N-F-I-D-E-N-T-I-A-L~~